

# NEW ZEALAND PUBLIC MANAGEMENT IN ACTION: A CASE STUDY OF ORGANISATIONAL PERFORMANCE

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## ABSTRACT

*A case study of performance issues in the child protection services of New Zealand's Department of Child Youth and Family (CYF) is used to discuss the effects of the New Zealand public management system on the allocation of public resources, accountability for performance and central steering of a decentralised management system. During the last six years, there have been three major reviews of the Department's performance. Concerns with performance are rooted in growing public concern at the rate of family violence and child homicide in New Zealand. The case study concludes that control of child protection services by either outputs or outcomes is difficult and that CYF is likely to continue to experience ambiguity and political struggle over its objectives, the use of procedural rules for control rather than performance measurement and limited ability to learn from error because of the conflict over objectives. The general conclusion is that implementation of performance management systems works best where goals are clear and results can be observed, there are known effects of management intervention, and the management and staff of the organisation can learn from experience.*

## INTRODUCTION – THREE QUESTIONS

This article uses the case study of a perceived problem of performance in New Zealand's Department of Child, Youth and Family Services ("CYF") to raise three questions about our public management system.

- Have the changes to New Zealand's financial management system improved the allocation of public resources to public functions?
- Is it possible to define and measure "performance" in the public sector in a way that supports public accountability?
- In a decentralised public management system, how is coherence of policy and implementation assured?

## **THE NEW ZEALAND PUBLIC MANAGEMENT SYSTEM:**

### **CREDITS AND DEBITS**

The coalition headed by the New Zealand Labour Party which became the government at the end of 1999 set out to stamp its own priorities on the public service it inherited. The public management reforms begun in the previous Labour administration of the late 1980s had continued under coalitions led by the National Government. Most of the Ministers in the new government had played little part in the reforms of the Labour administration of 1984-90 and had plenty of opportunity to criticise them from the opposition benches in the following nine years.

It is not surprising then that an early decision by the new government was to initiate a review of the New Zealand public management system. The “Review of the Centre”, as it is known, reported in 2000 (Advisory Group, 2001). Perhaps more surprisingly it had quite a few good things to say about the system the new Ministers had inherited:

1. Fiscal and public finance legislation set high standards for transparency of fiscal objectives and information about sources and uses of public money;
2. There had been a great improvement in management of the government’s assets and liabilities and cash resources;
3. Accountabilities and governance for public organisations were clearly defined and there was a strong focus on reporting and reviewing organisational performance;
4. Greater flexibility for managers to innovate because of relaxation in central controls and focus on outputs produced rather than inputs consumed;
5. Some evidence of increased efficiency and productivity in the public sector and a perceived rise in standards of client service ;
6. A continued respect amongst public servants for democratic government, the rule of law and ethical public service.

However the Review of the Centre and other commentators identified some significant issues or problems with the system:

1. A feeling (longstanding) that the system of budgeting and planning was not helping Ministers make strategic decisions about policies and priorities;
2. An excessive focus on a narrow contractual accountability for outputs and not enough on outcomes, the ultimate purposes of government;
3. A sense that the apparatus of the state was fragmented and unable to deal effectively with problems that required a whole of government approach to planning and implementation.

## WHAT THE GOVERNMENT HAS DONE?

In the six years since Labour-led governments returned to office, some changes have been made:

1. The basic framework for fiscal transparency and financial management remains largely unchanged but new provisions enable the broadening of appropriation heads to give Ministers more flexibility;
2. The statutory basis for appropriation and for departmental accountability continues to be outputs, but the ex ante accountability document, now called the Statement of Intent (SoI), places a great deal more weight on information about outcomes; this has been supported by efforts to develop a programme logic that links government outputs, regulation and payments more clearly to outcomes;
3. A number of policy decisions have been directed towards greater central coherence:
  - a. Mergers of a number of single-purpose departments and agencies into larger Ministries;
  - b. Strengthening Ministers' role in setting performance expectations for agencies;
  - c. Encouraging initiatives for policy and operational staff in different departments to work together on common problems;
  - d. Promoting senior leadership development in the public service;
  - e. Giving the State Services Commissioner a "leadership and guidance" role in the wider state sector.

## THE CASE STUDY

### THE POLICY PROBLEM

In the last twenty years public concern at the rate of assaults against children has grown rapidly. High-profile cases of child homicides have been backed up by international statistics that show that amongst a group of 27 rich countries, New Zealand has the fifth highest estimated rate of child deaths due to maltreatment, although absolute numbers are low (UNICEF (Innocenti Research Centre), 2003). Assaults leading to serious injury are probably many times higher than those resulting in death. Most reported assaults are by parents or other family members.

The increased sensitisation of the New Zealand public and official agencies to the problem of child assault is shown in a rapid rise in the number of notifications to the child protection agency of children at risk, since 2001. Reducing the number of assaults on children is generally acknowledged to be a responsibility for families and communities but inevitably attention is focused on what the government is doing about it.

## ORGANIZATIONAL CHANGES

Although several agencies have roles in child care and protection, the lead responsibility has always resided in the department administering New Zealand's child welfare laws<sup>1</sup>. In the last 35 years, this responsibility has been with a Division of the Ministry of Education (up to 1972), a Department of Social Welfare (1972-94), a separate "business unit" of DSW (1994-99), a separate Department of Child, Youth and Family Services (CYF) (1999-2006), and from 1 July 2006 an operating division of a Ministry of Social Development (MSD).

## REVIEWS OF CYF

During the short life of CYF as a separate department, the Labour government commissioned three major reviews of its operations and governance.

The Brown Review in 2000 (Brown, 2000), led by a Judge of the Maori Land Court, made several recommendations on the management, accountability and funding of CYF and the hiring and training of social workers. The department responded with a "New Directions" strategy: a range of policy and management innovations. The government also agreed to significant increases in the department's "baseline funding" (indicative three-year expenditure ceilings) to meet volume increases and hire and train new social workers.

The Department however continued to struggle with ongoing budget problems and public criticism of the quality of its response to the rising rate of notifications. At the same time at the instigation of its Minister, it was expanding its role into "leadership" of community development and broad-based prevention activities. In 2002, CYF asked for further increases to its baseline to cope with the increased demand for its services. The government in response commissioned a second review, known as the "Baseline Review". Although triggered by the additional funding request, this review had a broad brief to look at all aspects of CYF's functions, organisation and funding. Officials from Treasury, the State Services Commission (SSC), MSD and CYF ran the review, reporting to their Ministers and a Cabinet Committee.

The Baseline Review reported in September 2003, recommending a further large increase in CYF's baseline, a significant narrowing of focus to its statutory care and protection and youth justice responsibilities, further investment in social worker capability and improvements in its management information systems. Shortly thereafter, the Chief Executive (CE) of CYF resigned. The SSC is responsible in New Zealand for recruitment and employment of departmental CEs. It began a search for a new CE towards the end of 2003. After an extensive international search, the government agreed to appoint a Canadian civil servant, who was then heading the Alberta child protection agency. The new CE took up her appointment in May 2004, but lasted only 18 months, resigning at the end of 2005 to return to Canada for personal reasons.

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<sup>1</sup> The current statute is the Children, Young Persons and Their Families Act 1989, widely regarded internationally at the time of its enactment as an innovative approach to child protection and youth justice law.

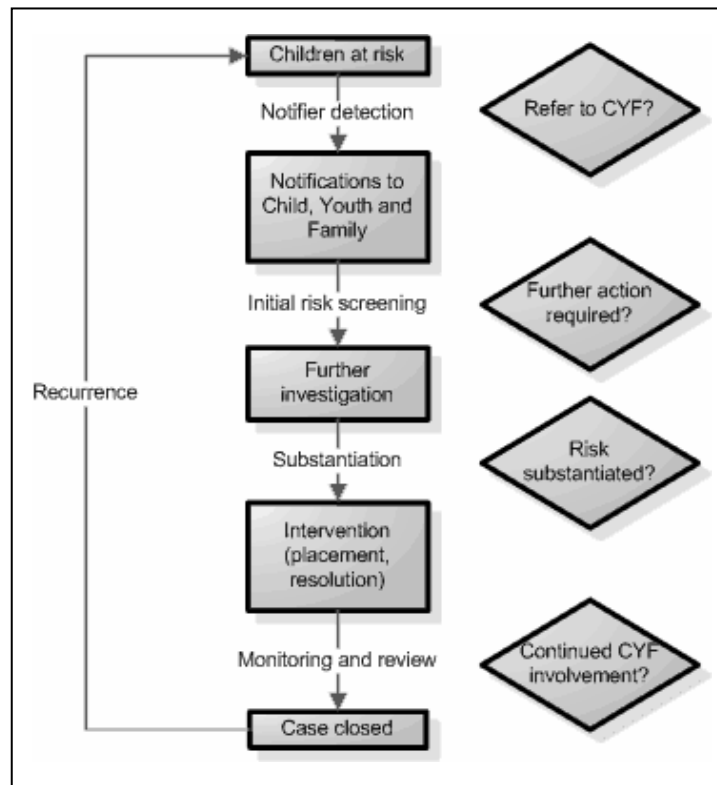
At this point the SSC began the third review of CYF in five years. The SSC review was called a “machinery of government” review and also had a broad brief to examine the objectives and performance of the department (Minister of State Services (New Zealand), 2006). In fact, the review did not add much of substance to the detailed analysis in the Baseline Review; its main purpose was to recommend an alternative organisational form for CYF, which it did by proposing a merger of CYF into MSD. There is not a great deal of justification in the SSC’s report for this option – mainly that the department was likely to drift in the interregnum between the departure of the outgoing CE and the appointment of a new one. In any event, the government accepted this recommendation and CYF became an operating division of MSD in July 2006.

## **LESSONS FROM THESE EXPERIENCES**

### **BUDGETING AND FINANCIAL MANAGEMENT**

The Treasury’s main concern with CYF was its apparent inability either to forecast its financial requirements accurately or to allocate its budget efficiently, particularly between operations and capacity development. On the former point, there was the department’s repeated underestimation of the budget it would require simply to meet existing operational requirements. From 2000 to 2005 notifications rose by 77%, a huge acceleration in the rate compared with the previous five years. The department is on reasonable ground in arguing that it was difficult to anticipate this increase. On the latter point, the Treasury complained that money set aside for training and development of social workers was in fact being used to shore up operational responses. The department’s response was that this was a necessity – social workers could not be diverted for further training if they were urgently needed in the front line.

To understand some of the issues around forecasting demand, it is helpful to have a simple model of the child protection system. The diamonds on the right hand side of the model indicate the main decision-points in the system. At each decision point an assessment needs to be made of whether the risk of the harm to the child warrants further intervention.



Two basic problems with forecasting demand<sup>2</sup> were

1. child protection is an open system: demand for services is influenced by many factors outside CYF's control; – part of the increase in the five years to 2005 may have been due to a rise in the underlying true incidence of child assaults, abuse or neglect but most of it was probably due to a change in reporting practices by notifiers;
2. The incentives on and in the CYF part of the system are dynamic: they evolve in response to changing circumstances; some examples:
  - a. There was a huge rise in notifications by the Police, who – at least in some districts – were starting to notify CYF routinely if there were children present at any domestic disturbance they attended;
  - b. The shift to a central reporting system (a National Call Centre) reduced the informal “rationing” of responses (log as a notification, take further action) by local social workers;
  - c. It seems likely also that – under the influence of intense scrutiny of public opinion – the intake social workers were tending to classify a

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<sup>2</sup> I am indebted to James Mansell, a senior researcher in Child Youth and Family, for allowing me to read an advance copy of his forthcoming article on the dynamics of the child protection system: Mansell, James (2006). "The underlying instability in statutory child protection: Understanding the system dynamics driving risk assurance levels". *Social Policy Journal of New Zealand*. 28 .

higher proportion of cases as requiring immediate action and investigation<sup>3</sup>;

- d. Under similar incentives – and perhaps because of other work pressures – there has been a steady growth in the average time children spend in the care of the department.

A further problem has been forecasting the effects on costs of these different drivers: notifications, referrals for investigation and triggering the statutory processes under the Act. The Department has invested a lot in a business model for its budget processes but runs into basic information problems. CYF's basic case management system wasn't designed to provide information useful for a cost model; and social workers were generally reluctant to keep detailed records of how they allocated their time. Also questions of time recording tend to get caught up in the ongoing tension between workers and management (and indeed between corporate management and the Treasury) on setting of norms and standards for workloads.

## MEASUREMENT OF PERFORMANCE - OUTPUTS AND PROCESSES

Over the whole period 2000-06, performance in the care and protection output class for CYF has been measured by the number of notifications and the timeliness of the department's response to them; the number of actions taken by the department (family conferences and other interventions) and the number of children in placements. Quality is measured by timeliness of response to notifications and referrals, graded by the department's own assessment at intake of the degree of risk to the child, and backed up by an internal audit of the quality of practice decision-making.

Timeliness of response is a major public issue. Public scrutiny tends to focus on the number of cases that are awaiting allocation to a social worker. Both opposition parties and government as well as the media watch this statistic closely and it is frequently the subject of debate. This is despite the fact that the department no longer formally reports the number externally – although it continues to use it as an internal performance indicator - and only supplies it outside in response to enquiries. For some years now, CYF's preferred timeliness measure classifies referrals for further action into four categories of urgency and sets different standards of timeliness for each<sup>4</sup>. These standards are published in the SoI and reported against annually.

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<sup>3</sup> This is a problem of the counter-factual. From 2000-2005, notifications were going up, and referrals too, but not as fast. Would referrals have gone up more slowly if intake social workers at the Call Centre had maintained the same "threshold" over the period? Then, did the proportions distributed into the four "urgency" categories change over the period? James Mansell has pointed out that the dynamics here are likely to be quite complex: changes in behaviour at each stage - notifications, referrals, investigations, substantiation – are likely to lead to compensating changes at other points in the system.

<sup>4</sup> Though it should be added that, in all cases, a social worker is supposed to confirm straight away that the child is not in immediate danger.

<b>Table: Timeliness standards for notifications referred as “further action required”<sup>5</sup></b>		
<b>Category</b>	<b>To be investigated within</b>	<b>Percent within deadline</b>
Critical	24 hours	95%-100
Very Urgent	48 hours	90%-95%
Urgent	7 days	50%-85%
Low Urgent	28 days	50%-85%

The language indicates one of the problems: it is politically impossible to describe any investigation as less than urgent although it is hard to see what urgency there is in an investigation that takes four weeks to complete. Arguably, though, this risk classification has less problems than “unallocated cases”. Fixation on simply reducing unallocated cases – without classifying them according to risk to the child – may divert social workers from higher priority tasks. Alternatively, the measure is clearly easier to “game” by simply adding to a social worker’s pile of cases and leaving them to decide when and how they will take action.

The most obvious questions for a “purchaser” to ask about quality of social work outputs are (1) “did the logging, referral and substantiation decisions accurately reflect the risk to the child?”; and (2) “did the subsequent actions taken by CYF reduce the risk to the child to an acceptable level”? On the first question, the department lives in fear of “false negatives” – an incorrect assessment that the risk of harm was low. A high profile case of death or serious injury to a child where the department knew about the child is (probably rightly) much more emotionally and politically costly than a “false positive” – an unnecessary intervention into the lives of a child and his or her family. The result, probably, is the tendency to investigate and intervene more often to reduce the risk of false negatives, and accept the risk of a greater number of false positives. On the second question, the department is caught between a desire to ensure the continued safety of the child on the one hand and, on the other, the financial cost and threats to the welfare of the child that go with unnecessarily long periods in care. Again, the fear of false negatives may well be one reason for the gradual creep up in average periods in care – as well as the natural tendency of social workers to give their attention to more pressing problems than whether a child no longer needs to remain in care.

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<sup>5</sup> Source: Child Youth and Family (2006). "Statement of Intent". In Ministry of Social Development, Statement of Intent. Wellington: New Zealand Government. pp. 105-144.



The current performance reporting system is unlikely to provide timely information on the accuracy of the department's diagnosis in either case. This is not the fault of the reporting system – it is just that neither question can be answered routinely within an annual reporting cycle. So how is social worker performance to be controlled on a day to day basis? The management response is not unexpected – a greater reliance on control over the processes that social workers are to follow in making decisions on intervention. A number of “tools” or “guidelines” have been introduced – checklists for social workers to follow when making their assessments of children at risk. Similar issues arise in other “triage” assessments – in hospitals or mental health for example – where there are strong incentives for clinical professionals to be able to say that they have followed prescribed procedures in deciding on a course of treatment. “Gold standard” practice tends to merge into “defensive practice”. Performance reporting and audit then tend to focus on checking for procedural regularity rather than results achieved.

## MEASUREMENT OF PERFORMANCE - OUTCOMES

Which leads on to a discussion of what child protection work is “for” – what are its outcomes? At one level, outcome statements are perhaps simply intended to be inspirational or to demonstrate that politicians have worthy ideals. The CYF SoI has its fair share of those: for example, under the heading of “Positive Outcomes for Young People”. Succinctly it is expressed as “healthy, confident kids”. More verbosely as:

To enhance the wellbeing of children and young people, to enable them to reach their potential and contribute positively to society, Child, Youth and Family believes young New Zealanders need to be healthy, financially secure, safe, responsible, learn what they can; have a sense of identity and their basic needs met. (Child Youth and Family, 2006 p 14).

This outcome is inspirational rather than operational. Goals have little significance unless they meet two criteria:

1. They assist identification of tradeoffs: there is a real debate (political, managerial, professional) about the values expressed in the goals.
2. They have operational content: it is possible to see the connection between what workers do and don't do and progress towards the goal.

An objective of the Baseline Review was to narrow the focus of CYF's work back to its statutory role in child protection and youth justice. This involved making some judgements about the nature and effectiveness of social work. Traditionally, many social workers believe that “prevention” is an important part of their work – encapsulated in the old cliché that social work should help provide “a fence at the top of the cliff as well as (or rather than) an ambulance at the bottom”. The question they will ask is “how can I best contribute to a sustainable improvement in the quality of life of children and their families?”. Practice standards refer to “an appropriate and purposeful working relationship with clients”, acting “to secure the client's participation” and helping clients “to gain control over [their] own circumstances” (Aotearoa New Zealand Association of Social Workers, 1997). Managers and policy analysts on the other hand tend to see the problem in cost-effectiveness terms, and politicians – not unnaturally –

in political terms. For an analyst, the question is “within a fixed budget, what operating practices are most likely to achieve the greatest reduction in risk of future harm to children”? To a manager the question is similar, but subtly different: “how am I going to direct the people in my group to best achieve the tasks set for me?”; for a Minister the question also relates to risk of a different kind: “how can I best achieve a public perception that I am responding effectively to public outcry about child assaults?”.

The Baseline Review took an analytical approach. At a general level, the outcome could be expressed in terms consistent with the high-level outcome on page 78. But, the Baseline Review argued, within any realistic budget ceiling, longer-term work based on families and communities would have a lower payoff in terms of “healthy confident kids” than focusing on existing cases. Of course there are grades to this latter criterion: action taken by social workers to “help a family sort itself out” or “stabilise the child’s situation”, even when the current risk to the child is relatively low, may help reduce a greater future risk. Perhaps this comes down to an aspect of the triage debate – can “cases” be graded by probability of reducing the “disorder” vs cost of doing so? But the Baseline Review’s conclusion was that resources ought to go first to reducing the probability of “recurrence” – the reappearance of children in future notifications. This was expressed as follows:

- a. *“To prevent the re-occurrence of child abuse, of neglect, and of insecurity of care, i.e. to keep safe children who have already been harmed.*
- b. *To prevent the first occurrence of abuse, neglect or insecurity of care.*
- c. *For children and young people who are CYF clients (both those in care and those who are not), additional outcomes are:*
  1. *To address the effects of harm.*
  2. *To restore or improve well-being (Baseline Review p 31)”*

This prioritisation found its way into the CYF SoI. ( Child Youth and Family, 2006, p 120-1) as “preventing recurrence” with a “secondary role in working towards preventing the first occurrence”. The priorities of 2006-07 are reducing time in care and responding to demand. You could add to that the objectives of the “Responses to Demand External Review” directed by the Cabinet Committee on Government Expenditure. The “fundamental goal is to address sustainability of the Care and Protection system by stabilising and then reducing the notifications of abuse and neglect.” (Ibid. p 122). The focus is on “early intervention” – preventative services to forestall notifications but also better screening by both CYF and notifiers “to distinguish genuine [care and protection] concerns from those cases not involving a statutory intervention” (Ibid. p 123).

At time of writing in late 2006, measures of these things had not appeared. CYF said only that it was “working towards” indicators and hoped to have them ready during 2006-07. Records are kept of length of time in care and for re-notification of children previously on CYF’s books. But some basic problems will still remain:

1. *“Absence of evidence is not evidence of absence.”* Core social work falls into a category of administrative interventions similar to police work in that success is measured by the absence of a symptom rather than presence of a benefit. The problems are also similar to those of the police: a lot of crime

goes unreported. There may similarly be many more children at risk or young offenders than come to the attention of CYF. Measures of “absence of substantiated recurrence” assume that all children and young people that are at risk are (a) detected; (b) notified; and (c) accurately assessed.

2. *Cause and effect.* The department (or any indeed combination of state agencies) cannot be held accountable for preventing child abuse or youth offending when these pathologies are influenced by a wide range of measures beyond its control.

## MANAGEMENT DECENTRALISATION AND THE ROLE OF THE CENTRE - ACCOUNTABILITY FOR PERFORMANCE IN A DECENTRALISED SYSTEM

Changes to New Zealand law on public finance and state sector employment in the late 1980s fundamentally altered the relationship between accountabilities of the heads of government departments and the central control organisations. CEs gained control over the employment of staff and expenditure within budget authority. In turn, they became accountable to Ministers for the delivery of outputs and the efficient operation of their departments. They were paid somewhat better, but were also placed on term contracts, with only a limited right of renewal. There were two consequences of these changes.

First, CEs’ employment risk measurably increased. Before the 1988 State Sector Act, it was practically impossible to get rid of the head of a government department before his<sup>6</sup> time was up. The evidence that this accountability is real and personal is in the hard cases when CEs either leave early or don’t have their contracts renewed. No CE has ever been formally fired, but several have clearly left their jobs because of dissatisfaction with their performance. Usually it is Ministers who are dissatisfied, and that is what in the end produces an early departure. In the CYF case the CE at the time of the Baseline Review resigned before the end of her contract, following widespread criticism of the department’s performance. The second CE seems to have left early for genuinely personal reasons.

Second, for nearly 20 years now, the State Services Commission and the Treasury have had very little direct involvement in the management of government departments. Before the State Sector Act 1988, the SSC approved senior management appointments and organisational decisions, ran a central computing bureau and issued detailed instructions on matters of employment and pay. It also used to employ a very large inspectorate to adjudicate on matters of employment, organisation and systems in each government department. Apart from the Commissioner’s role in appointing and employing CEs, it has lost all these control functions. Similarly, the Treasury used to approve large items of expenditure within departmental budgets, run departmental accounting centrally, and issue regulations on departmental financial management. Both departments used to provide expert technical support on matters of organisation and methods or (in the Treasury’s case) accounting and finance.

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<sup>6</sup> “Permanent heads” were (nearly) always men.

Losing these control functions means that both Treasury and the SSC are formally mainly in an advisory role to Ministers on departmental management. Both are reluctant to get closely involved in implementation of management changes and are generally loyal to the idea that this is the CE's responsibility. Ministers have shown some tendency to want them involved however. The Cabinet directed that four senior officials – from Treasury, SSC, Department of Prime Minister and Cabinet (DPMC) and MSD – should form an “Advisory Group” for the second CE at the time of her appointment. Suggestions by one of these officials that the group should be disbanded were rejected by the Ministers concerned.

In other respects the present government is sceptical of the “narrow contractual accountability” of CEs to their Ministers as defined in the Public Finance Act. In particular, it has emphasized – even more than National-led governments in the 1990s – the need for CEs to work with each other on so-called “wicked” problems, those like crime or family violence where the outputs of several departments may contribute to an outcome. This was a major theme of the Review of the Centre. In other respects accountability is blurred by the role that Cabinet and senior Ministers play in determining priorities for departments, sometimes without the direct involvement of the responsible Minister. How does this affect the direct accountability of the CE to his or her Minister? The answer here is purely speculative, but it seems likely that while CEs will continue to retain direct formal authority over staff and budgets and to be employed on the term contract system, there will be a continuation of the trend towards more detailed policy directives from Cabinet and groups of Ministers and more micro-management and rule-setting by individual Ministers responsible for departments. Thus while CEs will continue to face employment risk from non-performance, their autonomy over operational matters will become increasingly attenuated.

#### MANAGEMENT DECENTRALISATION AND THE ROLE OF THE CENTRE - RE-AGGREGATION AND CORPORATE PARENTING

A basic dilemma in public management is whether to divide outputs into specialised organisations (e.g. executive agencies) to achieve focus and efficiency, or to combine them into multi-purpose Ministries to achieve synergies between related outputs and outcomes. Additionally, part of the doctrine of the public management reforms in New Zealand in the late 1980s and 1990s was to split off service delivery and regulatory functions into single purpose departments or agencies to avoid “policy capture”. The Labour-led coalition Government has to some extent reversed this trend, reabsorbing smaller single-purpose organisations into larger multi-purpose Ministries in Education, Health and Justice.

The government had already taken action to re-absorb income support (together with employment placement, earlier taken over from the Department of Labour) from a separate Department of Work and Income (DWI) into the Ministry of Social Development. It seems likely that some Ministers had favoured doing the same with CYF for some time. The report prepared by the State Services Commission for its Minister largely rehearsed the problems identified in the Baseline Review. It canvassed four options for future organisation: the status quo; merger of MSD and CYF; dividing its care and protection and youth justice functions respectively into MSD and Ministry of Justice; and a new Ministry of Human Services. However the main part of the report focused on comparing a MSD-CYF merger with the status quo. It argued that if CYF

were retained in its present form a new CE with a clear mandate might be able to improve performance but that CYF “has had a history of not taking a system wide approach” and “it is a matter of judgement as to how realistic it is to anticipate a step change in performance over the short to medium term.” On the other hand, a merger – although some staff might “feel cynical about more change on top of an unfinished change programme” – would leverage off MSD’s “extant systems, processes and competencies” and “assumes minimal disruption to services” because CYF would – like Work and Income before it – essentially remain intact as an operating division of MSD, at least in terms of its operational management.

On the whole, CYF does seem to have retained its operational identity, so far anyway. The “merger” was in fact a takeover by a senior of a junior entity, rather than a merger between equals. But the structure of the services side of the department remained unchanged: the three key managers - Operations, Service Development and Chief Social Worker - were all retained. A Strategy and Planning group headed by a former SSC official continued to provide policy advice and analysis specialised to CYF, rather than being absorbed into the larger MSD policy group. The main impact was on the corporate services staff – finance, human resources, IT – where some senior managers lost their jobs, or were appointed as “associates” to the corresponding MSD managers with reduced authority and staff.

In both cases – DWI and CYF – the re-merger decision was partly due to the preferences of the key Labour Ministers for large multi-purpose Ministries as opposed to “fragmented” and “narrowly focused” single-purpose operational agencies. In both cases, also, the senior management of the departments were criticised for not paying enough attention to “managing Wellington” – maintaining and cultivating connections with their fellow CEs and the central agencies and ensuring that their political boundaries were secure. Thus the “corporate parenting” role for MSD – as well as spreading the overheads of corporate services such as finance, human resources and information technology – is certainly deemed to extend to covering this function of covering political and policy risk and – as for the Advisory Group for the second CE – help assure Ministers that operational decisions by CYF will not dump them into political problems.

## **MANAGERIAL AND PROFESSIONAL CULTURES**

In the Cabinet Committee article on the future organisation of CYF, the Minister of State Services observed that

The SSC’s stakeholder reviews have consistently found there is a culture of ‘resistance’ amongst some front-line CYF staff. In the SSC’s view this reflects ‘professional disregard’ for management. In the past, this may have been due to disconnected policy processes failing to gain the respect of social workers. This culture manifests itself by some social workers choosing not to follow prescribed process. Reviews into child tragedies have consistently found that failure to follow agreed process has been a key factor leading to the tragedy.

The judiciary is also concerned that youth justice plans are not given priority or are not implemented by social workers. In the SSC's view this could be another example of the 'resistance' culture that puts priority on the views of the social worker over procedures, and in this case, legal systems and administration of justice. (Minister of State Services (New Zealand), 2006).

Social work practice is in perpetual conflict between rules and discretion. Rules come from two sources: the requirements of the CYPF Act and administratively mandated procedures. But there are also large areas of case management where professional judgement is required, particularly in the initial assessment following a notification when intake social workers have to decide the immediate level of risk faced by the child or young person and in the subsequent indefinitely prolonged period of "case management" which may involve a range of interventions including placement and supervision. The rules for social workers can be designed either to give administrative effect to legal requirements – for example to respond to notifications, obtain court orders or hold family group conferences - or to mandate procedures which are deemed to be "best practice" – such as the department's protocol for estimating risk to children of abuse or neglect in each case. Compliance with legal requirements is generally good; problems are more likely to arise when the department's management seeks to enforce "best practice" requirements on front-line social work. A report contributing to the Baseline Review identified examples of variable uptake of rules-based assessment and task recording and commented that:

Partly this uneven uptake may reflect front-line resistance or hostility to mandated corporate systems and a cultural antipathy to "management" as a role; or partly overwork and reluctance to become bogged down in "articlework". (Social workers talk about being "slaves to the PC"). .... There is a tension for the department between the procedural (often encouraged by risk-averse politicians and managers) and the outcome-based approaches to client interventions. The tension is exacerbated in periods of resource shortage .... ( Laking, Yeabsley, et al., 2003, p 107)

A common social worker view on management is set out in Smith, 2004. Smith, a social worker in CYF for 17 years, attributes the incursion of "managerialism" on social work practice both in New Zealand and Britain to the "tentacles of globalisation and associated neo-liberal influence" (p 24). She says that the "business" model adopted by CYF is

... driven by performance-based financial incentives to staff. The rewarding of staff in this way puts pressure on them to produce the required outcomes within the timeframes indicated. (p 22)

Because CYF is dependent on a government budget that Smith regards as inadequate:

The workers find themselves in impossible situations. In order to perform to their own level of integrity and practice standards, more of the social worker's time and effort is required to bridge the gap and keep children and young people safe. This extra work goes unnoticed as the Department hides its failings and inadequacies behind the smoke

screen of fiscally driven key performance (achievement) indicators and performance measures. (p 22)

As a result

Social workers struggle to meet the measurable tasks due to inadequate indicators and lack of access to resources, and an inferior service is given to clients. ... Unfortunately the inevitable happens and a child or a young person is placed in an inadequate placement. (p 22-23)

Smith's remedy is that

Social workers have to be allowed to use their skills, knowledge and expertise alongside guidelines, and I emphasise the word 'guide', to assess outcomes in relations to their clients. ... We need to stand up and say that statutory social work can work without the burden of a market model with outdated performance measures and defensive practice methods. (p 24)

Smith's polemic sharply delineates the problems of conflicting ideologies in social work departments. The complex relationship between rules and discretion in CYF also reflect ongoing differences between managers and professionals in public organisations. The conflicts between managerial and clinician values is well-documented in the health system. There is a conflict between managers making decisions to allocate limited financial resources on the one hand and clinicians' advocacy for good patient outcomes on the other. At a governance level the conflict is between organisational and clinical governance. A Hospital Board is accountable to the government for quality of care on the one hand; and professionals are accountable to their own associations and disciplinary procedures on the other. The lines of these conflicts may be sharper in medical settings than in social work because of the long-standing existence of professional self-governance and statutory registration and supervision procedures in medicine which are only just starting to come into play in social work in New Zealand. (An Act for professional registration for social workers has only been in place since 2003.) But they are remarkably similar in the basic conflicts they produce between central authority and the front line.

## **GENERAL LESSONS**

At the core of the New Zealand model of performance management is the idea of a control loop between a superior authority or principal who sets tasks for a subordinate or agent. The conditions for "perfect control" are well understood, as are the implications when these conditions are not present. The elements of the analysis can be found for example in a classic article by Hofstede (Hofstede, 1981). Control of an activity requires that the objectives (outputs or outcomes) are unambiguous; the results are measurable; the effects of management intervention to correct deviations are known; and the activity is repetitive, so that both principals and agents can learn from the trial and error process of responding to deviations with corrections and observing the results.

Of these four conditions, maybe only the last is present in the CYF case. The implications for this are, drawing on Hofstede's typology:

1. Ambiguity about objectives for social work (the problem as constructed by Smith of social worker "practice standards" vs the "business model" inherent in the Baseline Review) is a political one and will only be resolved politically. But it doesn't follow that the solution is hierarchical. Social workers have the position power of front-line professionals – as is evident in their continued refusal simply to comply with managerial requirements. The government can't do without them, in the end. Child protection work will therefore continue to be a struggle between different sets of values as neither manager nor front-line worker can assert complete control.
2. Neither what the government wants nor what social workers want is fully measurable, because of the problems of measurement of outcomes. Managers will therefore continue to assert the primacy of regulated administrative procedures and audit of performance of social workers on this basis; social workers the primacy of "professional judgement" in the circumstances of each individual case.
3. Even if it were, the actions required to improve performance on measures such as "recurrence" or "minimum necessary intervention" are not fully understood.
4. The solution then is literally complex. The basic strategy has to be organisational learning, but it is complicated by the ongoing conflict of objectives and the difficulty of learning from experience under these circumstance.

Therefore one has to be pessimistic about the possibilities for significant improvements to the welfare of children resulting from state intervention. The implications for New Zealand's public management model – either in its "narrowly contractual" form or the more ambiguity-tolerant form – are that its successful implementation still rests on the problem of reconciling hierarchical control with risk and ambiguity.

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